

II.	FISCAL SECTION
400	Budget Justifications

401 General Information

The following guidelines are to be followed to complete both the State and Federal Share portions of the Budget Justification for *Network* Local Incentive Award (LIA) Program contracts. Amounts should reflect expenses that will be incurred during the contract year or Federal Fiscal Year (FFY), October 1, XXXX through September 30, XXXX. To assist organizations in determining qualifying expenses, refer to Allowable and Unallowable Costs in Section 300. The combined State and Federal Share Budget Justification must be submitted for each contract year that an organization participates in the LIA Program.

- The **State Share portion of the Budget Justification** (formerly referred to as Local Share or State Match) should reflect costs for the anticipated nutrition education activities that **an organization will fund and conduct** during the contract year; and the **Federal Share portion of the Budget Justification** (formerly referred to as State Share or Federal Match Budget Justification) should reflect costs for the **enhanced/expanded** nutrition education activities that the organization will **conduct** during the contract year.

Refer to appendix Form A1 for a blank copy of the Budget Justification. An electronic version of this form can be found online at <http://www.ca5aday.com/FiscalGM>.

Note: USDA requires that organizations using Women, Infants, and Children (WIC) funds used for *Network* State Share nutrition education activities must meet the following criteria and requirements:

1. The funds cannot be derived from Federal funding sources.
2. The funds used for the State Share activities cannot be counted if they are expended for core WIC nutrition education services (e.g., the two required visits and monies allocated for breastfeeding promotion). Therefore, program costs associated with WIC core services are unallowable; only State Share nutrition education allocations that go above and beyond the WIC core education services can be leveraged for the *Network* Federal Share funding.

Contact your Program Manager (PM) for further information/updates about this requirement.

One-year and Multi-year Contracts: Federal Share monies left unspent at the end of the budget period (September 30, 200 _) cannot be carried over to the next budget period. For multi-year contracts, the end of the budget period occurs each year on September 30th. For one-year contracts, the end of the budget period is also the end of the contract term.

402 Budget Justifications

General Guidance on how to complete the Budget Justification Form:

1. List the organization's legal name at the top of each page.
2. List the contract number (assigned to your organization by CPNS) at the top of each page.
3. Round off dollars and percentages to the nearest whole number.
4. Include a brief justification in bold face type if the entire current year's budget has increased or decreased 10% or more from the previous year's budget. (Compare FFY 2007 total budget to FFY 2008). The justification should explain why the increase or decrease was necessary. Please place this narrative at the end of the budget justification. Reminder, the *Network* Smart Growth Policy Limits contract growth to no more than 5%.

5. Use the Budget Justification, Form A1 that contains both State and Federal Share budgets. If the space provided for the required information is not sufficient, Contractors can modify the rows to add additional information as needed.
6. Place a revision date in the footer of each page in order to easily identify the most current version.
7. Use a calculator to check total calculations. Do not rely on formulas.
8. When adding rows or columns to the Excel form, please make sure to format the cells, rows and/or columns so that formulas are copied into the cells where applicable. Failing to copy formulas when adding rows or columns may result in incorrect calculations.
9. Enter in State Share budget items followed by Federal Share budget items for each of the Budget Justification lines.
10. Space allocation, equipment, and non-program related travel must be prorated by Full Time Equivalent (FTE) when a staff person is not dedicating 100% FTE to the *Network* contract. If costs are required to be prorated, please provide the basis. Example: Project Coordinator is 75% on federal share budget; rent for the space occupied by the Project Coordinator must be prorated based on the FTE. CPNS would only reimburse for 75% of the rental costs. In considering total FTE dedicated to *Network* contract, contractors should add both state and federal share FTE.
11. Contractors must adhere to USDA and CPNS deadlines in order to meet required timely submission of *Network* plan to USDA. Failure to comply with the timeline will cause lengthy delays in contracting process or loss of opportunity to contract with the *Network* altogether.
12. Provide Subcontractor Scope of Work (SOW) and Budget Justification with the submission of *Network* Funding Application Packet. (See Form A10 and Form A1)
13. Provide both Annual Salary and FTE on the Budget Justification.
14. Provide percentage of time for both management/administrative and direct delivery activities. (See definitions below)

Budget Line Item Definitions/Information

Contractors should verify with their appropriate fiscal staff that the following *Network* line item definitions are compatible with their internal line item definitions. Accommodations may be made with the *Network* to place expenses in alternative line items if more appropriate. If needed, such accommodations should be requested by the contractor during contract negotiations and prior to finalizing the budget justification.

- A. **Personnel Salaries:** Describe and justify staffing information for each position budgeted. Contract employees or consultants should not be included in this line item. Include all of the following information:
 1. **Name and Position Title:** Enter the employee name(s). If there are more than 8 staff per classification, indicate "multiple staff" and the total number of staff in parenthesis. A list of names is not needed, but should be available upon request.
 - Next to the employee name, list the employee's "generic title". This should be one of the titles found on the list of USDA-approved generic position descriptions, which can be located here:
<http://www.dhs.ca.gov/ps/cdic/cpns/network/FAP/Renewing.htm>.
 - If the generic title differs from the employee's official title, list the official title in parenthesis below the generic title.
 - Note: Using USDA approved generic titles and generic position descriptions is not mandatory, but is recommended.
 - If a position is not filled, indicate "vacant".

2. **Annual Salary:** Enter the annual salary used for each employee. When converting a monthly, semi-monthly, weekly or hourly salary to annual salary please use the standard 52 week year at 2080 hours/year to make the calculation. Calculations should be based on actual salaries. If use of actual salaries is not feasible due to large numbers of staff, alternative methods of capturing rates (e.g., using average salaries for large numbers of teachers/staff) must be pre-approved by the assigned CM.
3. **Total FTE allocated to Network Contract:** Enter the FTE each employee will spend on allowable *Network* activities (e.g., 20 hours of a 40-hour week equals .50 FTE). Please note: Enter this as a decimal not a percentage. Tips: you must use a standard 52 week year at 2080 hours to make this calculation even if you are a school district. For example, if the position is budgeted for 48 hours, the FTE would be calculated as $48/2080=.0230$. The FTE should be carried to four decimal places.

If there is more than one staff member listed in one row, the FTE listed should be a cumulative total of the FTEs of all of the positions listed in that row. For example, if 5 nurses are listed in one row and each nurse is budgeted at .10 FTE, the FTE listed for that row should be .50 FTE (5 nurses x .10 FTE).

4. **Percentage FTE Time for Administrative Duties allocated to Network Contract:** Estimate the percentage of time for each employee that is spent on administrative duties. (The percent of time entered for Administrative duties + the percent of time entered for Direct Delivery should add up to the percentage of FTE for each position listed.) Please enter as a percentage (e.g., 50% rather than a decimal - .50FTE).

Administrative Duties are expenses related to personnel positions that perform administrative duties (e.g., processing purchase orders, preparing invoices and State Share Documentation Reports, collecting weekly time logs, and performing general clerical duties, such as answering phones, ordering supplies and preparing correspondence, etc.).

5. **Percentage FTE Time for Direct Delivery Duties allocated to Network Contract:** Estimate the percentage of time for each employee that is spent on direct delivery or programmatic duties. (The percent of time entered for Administrative duties + the percent of time entered for Direct Delivery should add up to the percentage of FTE for each position listed.) Please enter as a percentage (e.g., 50% rather than a decimal - .50FTE)

Direct Delivery Duties are expenses related to personnel positions directly engaged in service/program delivery (e.g., nutrition education in the classroom, food stamp promotion, food demonstrations, community outreach activities, physical activity promotion, or nutritional aspects of gardening).

CPNS is implementing this requirement using the following methodology: If the majority of the activities for the staff person are administrative, (e.g., an accounting assistant) then Contractors should allocate all of that person's FTE to the *Network* contract in "Administrative." If the person is an RD, or working as a Project Coordinator, then Contractors should allocate that person's FTE to the Network contract into "Direct Delivery." This methodology has been discussed with USDA Western Regional Office and as long as the methodology is applied consistently, USDA confirmed that would meet the requirement.

Example: if a person is working as a Project Coordinator at .5 FTE, this would be 50% Direct Delivery in column # 5. If the person was .75 FTE Administrative Assistant, this would be 75% Administrative in column #4.

Note: The percentages listed under columns 4 (% administrative duties) and column 5 (% direct delivery duties) should equal the FTE listed for each employee(s). For example, if a nurse is budgeted at .25 FTE, then the Contractor should list 25% in the directly delivery column for that row. Similarly, if 10 nutrition educators are budgeted for a total of 2.5 FTE, 250% should be listed in the direct delivery column for that row.

6. **State Share (formerly Local Share/State Match) Total Dollars:** For each employee, calculate the total amount of dollars allocated as State Share. Annual salary multiplied by Total % FTE = Total Dollars. Round off dollars to the nearest whole number.
7. **Federal Share (formerly State Share/Federal Match) Total Dollars:** For each employee, calculate the total amount of dollars allocated as Federal Share. Annual salary multiplied by % FTE = Total Dollars. Round off dollars to the nearest whole number.
8. **Total Dollars:** The sum of the State Share and Federal Share salary dollars.
9. **Position Description:** Include a brief description of each employee's duties and responsibilities as they relate to nutrition education and physical activity promotion to FSNE eligibles. There is a list of generic position descriptions approved by USDA on the website at <http://www.dhs.ca.gov/ps/cdic/cpns/network/FAP/Renewing.htm>.

The Excel Budget Justification form has these positions listed on the form. Please remove any position descriptions that are not applicable to your organization. If none of the generic position descriptions apply, add a short position description. The order of personnel listed in line item "A" should correspond directly with the list of position descriptions. CPNS recommends the use of these generic position descriptions as well as putting actual organization staff title in parenthesis next to the generic position description.

- B. **Fringe Benefits:** Fringe Benefits may include expenses such as statutory benefits, a comprehensive benefits package, or other benefits (e.g., medical, dental, vision coverage, long-term disability, accidental death insurance, and a tax-sheltered annuity program). Benefits may be calculated using various rates depending on individual factors. Indicate the average fringe benefit percentage used for calculation on both the State Share and Federal Share budget columns and indicate the total fringe in the Total Dollars column.
- C. **Operating Expenses:** Identify the major areas of operating expenses and provide a detailed cost breakout of these expenses. The detailed cost breakout should include the basis for the calculation. Example: Postage \$390 - 1000 stamps at 39 cents each for nutrition newsletter to FSNE eligibles). Operating expenses should be prorated based on the FTE dedicated to FSNE. For example, if 7.0 FTE are dedicated to FSNE in an office of 10.0 FTE staff and all 10 staff use operating expenses, then the operating expenses budgeted for FSNE should be 70% of the total operating expense budget for the office. Please indicate the percentage used for prorating the expense and a justification for using the percentage. Operating expenses include expenses for routine items such as office supplies, communications (telephone, facsimile, e-mail), postage, overnight mail, routine printing and duplication, and space-rent/lease (include formula for calculating space costs) Indicate the

total expenses in the State Share, Federal Share and Total Dollars columns. Note: Non-routine and one-time types of expenses should be budgeted under the "Other Costs" line item.

D. **Equipment Expenses:** Equipment is defined as non-expendable property used to conduct eligible nutrition education activities, and includes items such as computers, televisions, VCRs/DVDs, cameras, typewriters or furniture. Each equipment item listed in the budget must include the following information:

1. Description of the item.
2. Staff member(s) assigned to the equipment along with their FTE. (If the staff member is not 100% allocated to FSNE activities, the cost of the equipment must be prorated. The % FTE for the staff must match the prorated % of the cost. Note: costs do not have to be prorated when a staff member's entire FTE is dedicated to FSNE activities even if their FTE is less than 100%. For example, an employee who is .60 FTE but who only works on FSNE activities would not need to prorate their equipment).
3. If the equipment will not be used exclusively for allowable *Network* activities or by a staff person budgeted at 100% FTE, then the expense must be prorated by FTE to include only the portion related to nutrition education).
4. Contractors are encouraged to include an explanation for why the equipment is necessary in order to execute the SOW. The Contractor should be able to tie equipment purchases to specific SOW objectives if necessary. Upon request, contractors may be required to submit a justification to the CM for approval that includes this information.

Indicate the equipment expenses in the State Share, Federal Share and Total Dollars columns.

E. **Travel and Per Diem Expenses:** For each trip, include personnel title of person(s) traveling, purpose of trip, and approximate cost. Indicate the travel and per diem expenses in the State Share, Federal Share and Total Dollars column. The current reimbursable State Department of Personnel Administration (DPA) mileage rate is 48.5 cents per mile.

Staff from an organization should budget for the following applicable training opportunities offered by the *Network*: (These trainings do not need to be prorated and should be paid for with Federal Share dollars).

1. Annual *Network* Conference in Northern California.
2. Regional Collaborative Trainings or meetings.
3. CCHLDN Annual Meeting (county health departments are required to attend).
4. CX3 Training (Renewing county health departments are required to attend 2 meetings).
5. One Regional SHAPE meeting (school district and county office of education contractors are required to attend. Contractors working with schools are recommended to attend).
6. Impact Evaluation Training (for those contractors with federal share budgets over \$350,000).
7. A minimum of (3) *Network* Sponsored Skill Training – including trainings such as facilitation, program delivery, and Harvest of the Month. Each contractor is required to attend one *Network* Sponsored Skill Based Training each year and should budget for the costs for each contract year.
8. *Network* Fiscal Training.
9. *Network* Media Training.
10. Youth Empowerment Training.
11. Joint Steering Committee Meetings.

Prorate all non-*Network* sponsored travel and per diem by the percentage of FTE for all personnel traveling and again by the percentage of allowable nutrition education and physical activity promotion included in the agenda. All non-*Network* sponsored trainings must be prorated, require state approval, and are subject to further justification if requested by *Network* staff.

Travel and Per Diem expenses included on the Federal Share Budget may be no greater than the current DPA rates as outlined in Form A12, Travel Reimbursement.

F. **Subcontracts:** The use of subcontractors must be clearly defined. The following information must be provided in the budget justification template for both state and federal share costs:

1. Subcontractor name (if known), list as "TBD" if not known.
2. Brief description of services to be provided.
3. Basis for Costs (e.g., hourly or daily rate, # of hours/and or days to perform the deliverable).

Note: a separate subcontractor 9-line-item budget justification is also required to be attached (See Form A24).

If a consultant's services or stipends are budgeted, provide the following details:

1. Consultant name.
2. Brief description of services to be provided.
3. Approximate number of consulting hours that will be contracted for and the hourly/daily rate.
4. Total costs.

If the subcontractor has not been determined, submit the information to CPNS as soon as the agreement is negotiated with the contractor, so that *Network* staff can review and approve the subcontract for compliance with USDA and CDHS regulations. As required by USDA, prior written authorization is required for all subcontracts. Indicate the subcontract expenses in the State Share, Federal Share and Total Dollars columns. Attach the subcontractor's budget justification and brief project description as part of the application. Form A22, entitled Subcontractor Budgets is an optional form to provide required information.

G. **Other Costs:** This line item includes non-routine, occasional, or one-time expenses such as computer time, publications, training, nutrition education materials, and food (for demonstration/taste testing purposes only). Identify the major areas of expense and provide a brief cost breakout of these expenses. Indicate the other costs expenses in the State Share, Federal Share and Total Dollars columns.

H. **Indirect Costs:** Indirect Costs are defined as expenses not directly or exclusively associated with the project's deliverables such as overhead or allocated expenses. Examples of overhead or allocated expenses include: administrative, personnel, bookkeeping, payroll services, janitorial services, insurance, and audit expenses. Describe briefly the expenses associated with this line item. Calculations should be based on rates as indicated below for each budget. Contractors must submit documentation from their fiscal department that supports how the indirect rate was determined and calculated.

1. The indirect rate used to calculate this line item should be your organization's standard indirect rate. If an organization has a federally negotiated indirect cost rate, this must be used. USDA requires that State and Federal indirect rates be the same, unless the organization provides justification.
 2. If the organizations indirect costs are based on a modified amount, the organization must identify which expenses are not included in the calculations to arrive at the total Indirect Costs amount.
 3. For colleges and universities: Since most services take place off-campus, the off-campus rate is considered most appropriate to use. Only if the majority of the nutrition education activities are conducted on campus, can the on-campus rate be allowed.
- I. **Total Expenses:** Enter the sum of line items A through H to reflect total expenses in the State Share, Federal Share and Total Dollars column.